

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7083**

**BILL NUMBER:** HB 1564

**NOTE PREPARED:** Mar 12, 2013

**BILL AMENDED:** Mar 12, 2013

**SUBJECT:** Motorboat Registration.

**FIRST AUTHOR:** Rep. Eberhart

**FIRST SPONSOR:** Sen. Mishler

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that a motorboat does not have to be registered and numbered in Indiana if the motorboat is legally registered in another state and is moored on the Indiana part of Lake Michigan for not more than 180 consecutive days.

[Current law provides that a motorboat does not have to be registered and numbered in Indiana if the motorboat: (1) is legally registered in another state and has not been in Indiana for more than 60 consecutive days; or (2) for certain other reasons.]

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** This bill could reduce Bureau of Motor Vehicles (BMV) workload to the extent fewer boats are required to register in the state.

**Explanation of State Revenues:** (Revised) Summary: This bill could reduce revenue the Department of Natural Resources (DNR) and the BMV receives from motorboat registration fees.

This bill exempts motorboats from registration that are moored on the Indiana part of Lake Michigan for less than 180 days. Currently, motorboats are exempted from registration if they are located in the state for less than 60 consecutive days. The total reduction in revenue would come from current out-of-state watercraft registrations and new watercraft that otherwise would have been required to register in the state that would be in the state between 60 and 180 days and are moored on Lake Michigan.

It is not known how many watercraft there are that are registered out-of-state and are moored on the Indiana part of Lake Michigan for less than 180 consecutive days. However, if 20% of the out-of-state watercraft currently registered fall within the 60 to 180 day range and are moored in Lake Michigan, this bill could result in a reduction of 482 watercraft registrations (based on 410 renewals and 72 new registrations from out-of-state owners).

If there were a reduction of 482 watercraft registrations, total annual revenue could decrease between \$15,000 and \$24,600. Revenue from these registrations would have been reduced to the following: (1) to the Lake and River Enhancement (LARE) Fund by between \$2,400 and \$12,000, (2) to the Department of Natural Resources by \$3,300, (3) collected from excise taxes in the amount of \$9,000, and (4) to the BMV by \$300.

(Revised) Additional Information:

This bill could reduce the number of motorboats that register with the BMV. Currently, individuals pay anywhere from \$16 to \$26 in one-time fees for new registrations, depending on the size of the motorboat. For every motorboat registration in the state, the BMV receives \$4 (regardless of boat size) and the DNR receives between \$12 and \$22 per registration (contingent on boat size).

<b>Boat Classification</b>	<b>BMV Fee</b>	<b>DNR Fee</b>	<b>Total Fee</b>
Class 1	\$4	\$12	\$16
Class 2	\$4	\$14	\$18
Class 3	\$4	\$17	\$21
Class 4	\$4	\$22	\$26

Of the \$4 the BMV receives, \$3 is deposited in the Crossroads 2000 Fund, and \$0.50 each is deposited in the BMV Technology Fund and the BMV Commission Fund. In addition to registration fees, individuals pay a Watercraft Excise Tax and a Lake and River Enhancement Fee, both of which are assessed based on the value of the watercraft.

For watercraft registration renewals, individuals only pay the Watercraft Excise Tax, a Lake and River Enhancement Fee, and a flat \$5 DNR Fee.

*Watercraft Excise Tax:* The amount of excise taxes paid for a watercraft vary based on the boat's classification and age. Information on excise tax amounts for watercraft is included in the table below.

<b>Classification</b>	<b>Value Range</b>	<b>Excise Taxes Due</b>
Class 1	\$0.01 - \$500	\$2
Class 2	\$500 - \$1,000	\$6
Class 3	\$1,000 - \$1,500	\$20
Class 4	\$1,500 - \$2,000	\$30
Class 5 +	\$2,000 +	Varies between \$42 - \$500 depending on classification

For CY 2011, the Watercraft Excise Tax generated approximately \$8.8 M in revenue.

*Lake and River Enhancement (LARE) Fee:* LARE fees vary from \$5 to \$25, depending on the value of the boat. Of the revenue collected from LARE fees, 67% are deposited in the LARE Fund, which is used by the DNR for lake and river enhancement projects. The remaining 33% is deposited in the Conservation Officers Marine Enforcement Fund. For FY 2012, LARE fees generated a total of approximately \$3.9 M in revenue.

If this bill reduces the number of motorboats that are required to register in the state, revenue the BMV and the DNR receives from registration fees could decrease.

Information was available on the number of out-of-state watercraft registration renewals for FY 2011 from the BMV. This is the population that is most likely to be impacted by the provisions of the bill.

<b>Boat Classification</b>	<b>FY 2011 Out-of-State Renewal Registrations</b>
Class 1	13
Class 2	384
Class 3	1,364
Class 4	236
Class 5 +	51
<b>Total</b>	<b>2,048</b>

The total reduction in revenue would come from current out-of-state watercraft registrations and new watercraft that otherwise would have been required to register in the state. It is estimated this bill could result in a reduction of 482 watercraft registrations in the state (410 renewals and 72 new registrations). The impact on revenue by fee is included in the table below.

<b>Classification</b>	<b>Decrease in Registration Renewals</b>	<b>Estimated Excise Tax Loss</b>	<b>Minimum LARE Loss</b>	<b>Max LARE Loss</b>	<b>DNR Fee</b>
Class 1	3	\$6	\$15	\$75	\$15
Class 2	77	\$462	\$385	\$1,925	\$385
Class 3	273	\$5,460	\$1,365	\$6,825	\$1,365
Class 4	47	\$1,410	\$235	\$1,175	\$235
Class 5 +	10	\$420	\$50	\$250	\$50
<b>Sum</b>	<b>410</b>	<b>\$7,758</b>	<b>\$2,050</b>	<b>\$10,250</b>	<b>\$2,050</b>

Based on watercraft registration information for FY 2012, an estimated 72 out-of-state new watercraft that otherwise would have been required to register with the state will no longer be required to register under the provisions of the bill.

<b>Classification</b>	<b>Decrease in Registration Renewals</b>	<b>BMV Fee Loss</b>	<b>Estimated Excise Tax Loss</b>	<b>Minimum LARE Loss</b>	<b>Max LARE Loss</b>	<b>DNR Fee</b>
Class 1	1	\$4	\$2	\$5	\$25	\$12
Class 2	16	\$64	\$96	\$80	\$400	\$224
Class 3	45	\$180	\$900	\$225	\$1,125	\$765
Class 4	9	\$36	\$270	\$45	\$225	\$198
Class 5 +	1	\$4	\$42	\$5	\$25	\$22
<b>Sum</b>	<b>72</b>	<b>\$288</b>	<b>\$1,310</b>	<b>\$360</b>	<b>\$1,800</b>	<b>\$1,221</b>

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Revenues*.

**State Agencies Affected:** BMV, DNR.

**Local Agencies Affected:**

**Information Sources:** Harold Day, BMV.

**Fiscal Analyst:** Bill Brumbach, 232-9559.